

Balsar

Umetco Minerals Corporation



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☎ (970) 245-3700

September 13, 2004

D. Wayne Hedberg
Permit Supervisor, Minerals Regulatory Program
State of Utah, Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P. O. Box 145801
Salt Lake City, Utah 84114-5801

Re: **Acreage Reduction Request, Wilson-Silverbell Mine Permit M/037/027,
Umetco Minerals Corporation, San Juan County, Utah**

Dear Mr. Hedberg:

Umetco Minerals Corporation requests that the permit area at the Wilson-Silverbell Mine area be reduced because the entire Silverbell Mine area has been successfully reclaimed and most of the Wilson Mine area has been reclaimed.

Areas disturbed by mining and reclamation were recently surveyed (refer to the attached *Wilson & Silverbell Mine Disturbed Areas* map).

The entire Silverbell Mine area has been reclaimed and successfully vegetated, a total of 18.3 acres. The 6.9-acre Wilson Mine spoils pile has been reclaimed but not been successfully vegetated. The remainder of the 26.7-acre Wilson Mine area has been reclaimed and successfully vegetated (26.7 acres - 6.9 acres = 19.8 acres). Not shown on the attached map are pond areas, vent hole sites, power poles, service areas, and access roads. These areas have been reclaimed with the exception of two ponds at the Wilson Mine. These ponds were conditionally approved in the Division's November 30, 2000 letter to remain on site along with certain improvements.

Umetco requests that the entire Silverbell area be released from the permit and that the Wilson Mine area be reduced to 6.9 acres, the area of the Wilson Mine spoils pile.

If you have any questions or need more information, please call me at (970) 256-8881.

Sincerely,

Rahe Junge
Mine Reclamation Manager

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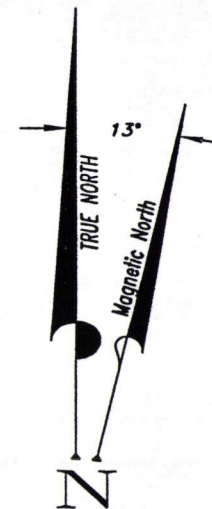
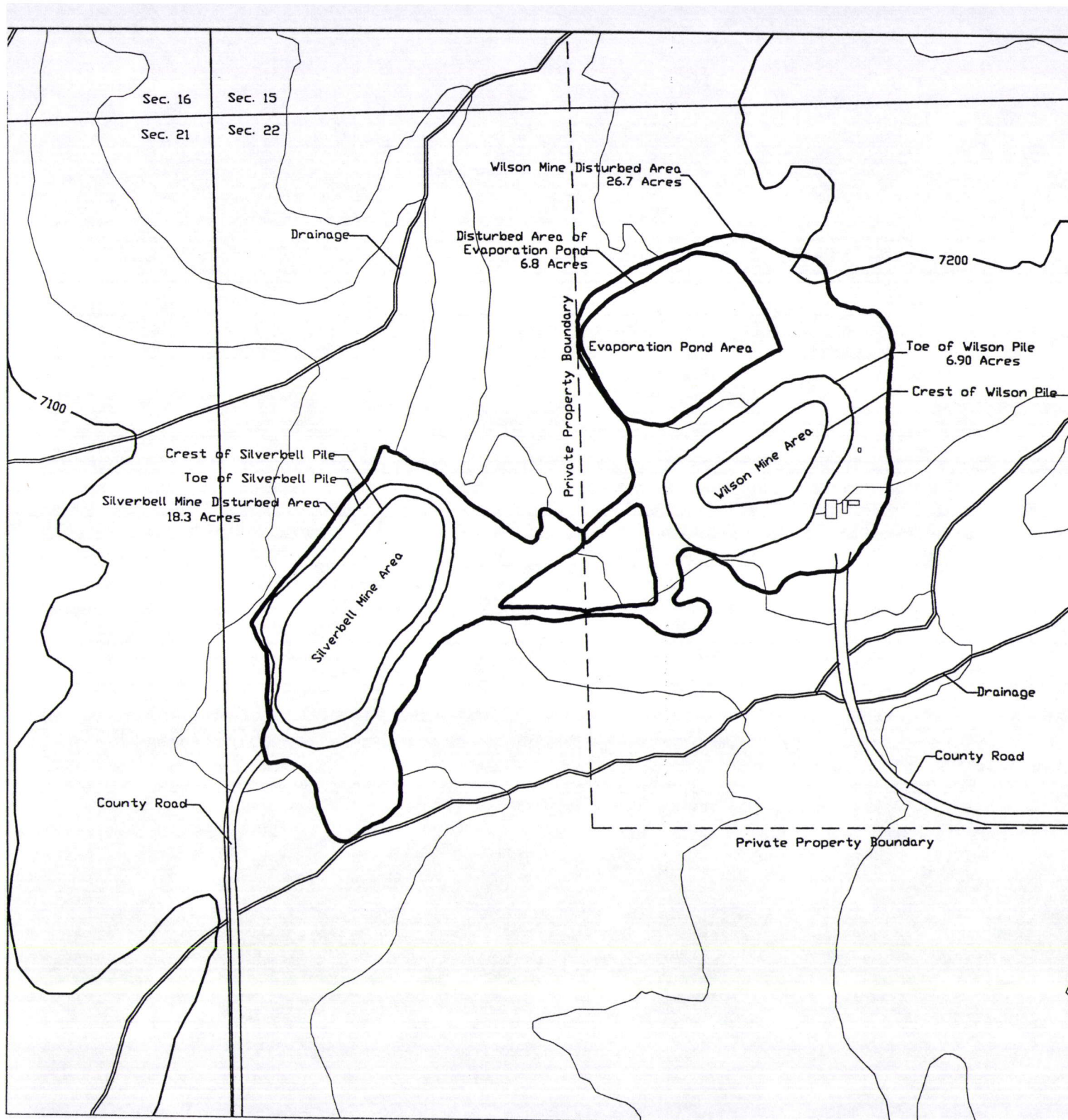
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DIV. OF OIL, GAS & MINING

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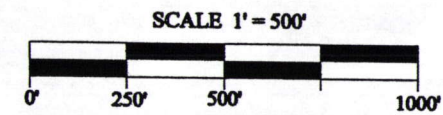
Attachment: *Wilson & Silverbell Mine Disturbed Areas* (map)

c: Paul Baker, Utah DOGM



Note: All Locations Are Approximate

Coordinate System
US State Plane 1927
Utah South 4303
Nadcon (Conus)



Umetco Minerals Corporation

LOCATION: T32S R26EW - Section 22

**Wilson & Silverbell Mine
Disturbed Areas**

Date: August 23, 2004

RECLAMATION SURETY ESTIMATE

Umetco Minerals Corporation

Wilson-Silverbell & Deremo-Peterson

DOGM file Number M/037/025 & M/037/027

Prepared by Utah State Division of Oil, Gas & Mining

filename M037-025 & 027.xls

San Juan County

This bond is calculated for revegetation purposes only

This surety reflects costs to revegetate both the Wilson-Silverbell and Deremo-Peterson areas.

Costs are apply to 6.9 acres at the Wilson-Silverbell & 2.5 acres at the Deremo-Peterson

Note: Costs include discing to prepare the seedbed, mobilization and demobilization of all equipment, labor supplies and management.

Note: actual unit costs may vary according to site conditions last unit cost update 10/07/02**-Amount of disturbed area which will receive reclamation treatments =** 9.4 acres**-Estimated total disturbed area for this mine =** 9.4 acres

Activity	Quantity	Units	\$/unit	\$	Note
<u>Wilson-Silverbell Area</u>					
Seeding costs	1	lump sum	2798	2798	
<u>Deremo-Peterson Area</u>					
Seeding costs	1	lump sum	1554	1554	
General site cleanup & trash removal	9.4	acre	50	470	(00)
Subtotal				4822	
10% Contingency				482	
Subtotal				5304	
Escalate for 5 years at 2.59% per year				723	
Total				6028	
Rounded surety amount in year 2009 \$				6000	
Average cost per disturber acre =		641			